

## **Welcome**

- Delighted to attend this event where I have the opportunity to meet so many representatives from London's Commonwealth community, as well as hear views from a wide range of countries at all stages of economic development.
- I understand this group is part of a long tradition within the Commonwealth of free and frank exchange. I hope this continues during my time as Trade Minister.

## **G8/EU Presidencies**

- I take up my portfolio as Minister for Trade at an important time in this year which is crucial for international trade. As many of you will be aware the UK is currently chair of the G8, and will hold the G8 Summit at Gleneagles in July. We will also take-on the Presidency of the European Union from 1<sup>st</sup> July for six months.

## **Doha Round / Hong Kong Ministerial**

- The year will conclude with the next WTO Ministerial meeting that will take place in Hong Kong in December. The British Government is fully committed to working through its presidencies to ensure the most successful outcome possible at the Hong Kong Ministerial.
- We want to achieve an outcome that promotes trade liberalisation, including better access to markets for developing countries, and in particular for the poorest nations in the world, reflecting the Millennium Development goals.
- You might be familiar with the statistics, but I think they are worth repeating to underline what is at stake if the Doha Round fails.

- The DDA has the potential to produce benefits amounting to between \$250 billion and \$600 billion annually.
  - The World Bank estimates that a pro-poor DDA outcome could reduce the number of people living on less than \$2 a day by 144 million, with sub-Saharan Africa seeing the greatest reduction – over 60 million.
- There is no doubt: trade liberalisation offers a route out of poverty for millions.
- However, we recognise that trade liberalisation is not a panacea and that trade reform packages must be carefully designed and sequenced as part of a wider strategy for development and poverty reduction.
- Putting development at the heart of the Round not only allows developing countries to get their fair share of the benefits of global economic integration. It will also bring rewards to the industrialised world. Indeed, as poor countries grow wealthier, they provide new export markets for rich nations.
- Cutting trade subsidies will help farmers in poorer nations to sell their products in rich countries' markets. But it is not the poor alone who will benefit. Money saved on subsidies will also make consumers in the developed world better off through reduced taxes and lower grocery bills. A rules-based multilateral trading system is in everyone's interest.
- Over the next couple of months, the UK will work closely with other European Member States, the European Commission, Commonwealth nations and others to prepare for the so called 'first approximations' of modalities at the end of July. These should form the basis for discussion of texts that will finally conclude with the ministerial text

at Hong Kong. We want this text to contain sufficient detail to allow the Doha Round to be concluded within 2006 or early 2007.

- To reach that goal all dossiers should be at the same level of ambition by the Hong Kong Ministerial in December. This means working together to make progress on agriculture, non-agricultural market access, services and trade facilitation, which we will be discussing today. Meaningful Special and Differential Treatment must also be present in all these areas to ensure the needs and capabilities of developing countries are fully taken into account.

### **The role of the Commonwealth**

- With a population of 1.8 billion people, representing about one third of the WTO member states, it is crucial that Commonwealth nations engage fully in the WTO negotiations to ensure they have access to all the benefits of trade liberalisation.
- I believe many of you attended the DDA seminar hosted by Don McKinnon, the Commonwealth Secretary General, back in February. At that event Mr. McKinnon stressed that trade is a political issue, and that no deal can be reached without real, sustained political impetus. Whilst it is true that trade negotiators hammer-out the technical details, a successful outcome will ultimately depend on political decisions being taken at the highest level.
- The Commonwealth Heads of Government Meeting in November provides an ideal opportunity for Commonwealth countries to show their commitment to the Round, not least because it takes place merely three weeks before the Hong Kong ministerial.
- I hope that you, as High Commissioners and representatives of High Commissioners, will be active in taking this process forward. Utilising your strategically important position between officialdom

and political leadership, I urge you to encourage engagement at the highest levels in your home countries. A positive trade message from CHOGM will be a constructive basis for the Hong Kong Ministerial.

### **Trade Facilitation**

- I realise that you are here today to discuss trade facilitation. The decision by WTO members to include this issue in the Doha Round last July was welcome.
- Trade facilitation, and by that I mean reducing the bureaucracy that hinders the movement of goods across international borders, has the potential to bring benefits to all countries, at all stages of development.
- Inefficient procedures impact on each and every consignment and transaction comprising the day-to-day international trading of goods. The European Commission estimates that a Trade Facilitation agreement could result in savings of more than €300 billion per annum.
- Developing countries stand to gain most from the rationalisation of inefficient procedures, which by their very nature act as a fixed cost overhead on trade:
  - 40% of developing country manufactured exports are to other developing countries.
  - 30% of agricultural trade is between countries in the southern hemisphere, so called ‘South-South’ trade.
- Trade Facilitation is not only of importance for developing countries in terms of market access to developed country markets, but also in encouraging intra-regional trade. In addition, Trade Facilitation

measures have been shown to significantly boost customs duty collection in spite of falling tariffs and combined with lower operating costs, providing much needed public revenue for other public policy goals.

- Freight security is of increasing (and justifiable) concern. Clear and robust rules for trade facilitation will give assurance of the adequacy (and proportionality) of security controls; and will enable a forum for guarding against arbitrary – and perhaps conflicting – national measures being imposed by individual countries.
- We fully understand the concern that some countries, especially developing ones, have about taking on new commitments under the trade facilitation agreement. We are working closely with the European Commission and directly with a number of your countries to ensure that the agreement takes the capabilities of developing countries fully into account, and appropriate technical assistance is available to help implement the agreement.
- The Trade Facilitation Negotiating Group has now met a number of times in Geneva and proposals have been made by a good range of countries, some of which have representatives at the table here today. I hope the good progress already made in the negotiations will continue, and trade facilitation will be able to catch-up with the other issues. I look forward to hearing your views on the negotiations and the proposals some of your countries have tabled, as well as hearing what trade facilitation measures have already been implemented.

## **Close**

- Working with the European Commission, the British government is striving to harness the potential of global trade for the benefit of

developing countries and to reduce poverty. We want to see a real success at Hong Kong, one that will speed up the DDA negotiations and put the Round back on its – hopefully final - phase. With real political commitment I believe we can achieve this for the benefit of all countries, at all stages of development.